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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 53670

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

FEB 25 2004

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Essex & York, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

40 Wall Street, 33rd Floor

(No. and Street)

New York

New York

10005

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Joseph R. Barile

212-480-8889

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Spicer Jeffries LLP

(Name - if individual, state last, first, middle name)

5251 S. Quebec St., Ste 200

Greenwood Village

Colorado

80111

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 17 2004

FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

AW

OATH OR AFFIRMATION

I, JOSEPH R. BARILE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Essex & York, Inc., as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

CLARIBEL LEPIANI
Notary Public, State of New York
No. 01LE6078190
Qualified in New York County
Commission Expires July 28, 2008

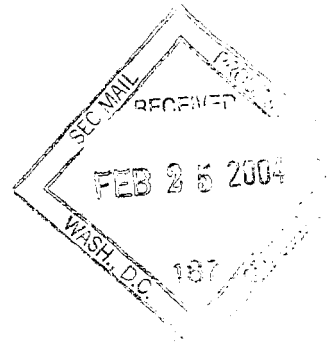
February 24 2004
Claribel Lepiani
Notary Public

Joseph R. Barile
Signature
President
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditors' Report on Internal Accounting Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED DECEMBER 31, 2003

ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

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SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

5251 SOUTH QUEBEC STREET • SUITE 200
GREENWOOD VILLAGE, COLORADO 80111

TELEPHONE: (303) 753-1959

FAX: (303) 753-0338

www.spicerjeffries.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Essex & York, Inc.
(formerly Queen City Investment Funds, Inc.)

We have audited the accompanying statement of financial condition of Essex & York, Inc. (formerly Queen City Investment Funds, Inc.) (the "Company") as of December 31, 2003, and the related statements of operations, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Essex & York, Inc. (formerly Queen City Investment Funds, Inc.) as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying table of contents is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Greenwood Village, Colorado
January 30, 2004

ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash	\$ 122 132
Commissions receivable	2 011
Deposit with clearing broker	50 469
Prepaid expenses	<u>16 207</u>
 TOTAL ASSETS	 <u>\$ 190 819</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:

Accounts payable	<u>\$ 18 485</u>
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COMMITMENTS AND CONTINGENCIES (Note 3)

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SHAREHOLDERS' EQUITY (Note 2):

Common stock, no par value; 100 shares authorized, issued and outstanding	49 995
Preferred stock, \$.001 par value; 132 shares authorized, issued and outstanding	-
Additional paid-in capital	156 829
Retained earnings	<u>(34 490)</u>

TOTAL SHAREHOLDERS' EQUITY	<u>172 334</u>
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 190 819</u>
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ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

REVENUE:

Commissions and fees	\$ <u>152 651</u>
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EXPENSES:

Commissions paid	54 552
Clearing and trading fees	26 441
Regulatory fees and expenses	19 237
Contract and professional fees	69 969
General and administrative expenses	<u>38 461</u>

<i>Total expenses</i>	<u>208 660</u>
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OTHER INCOME:

Interest income	1 994
Other	<u>15 640</u>
	<u>17 634</u>

NET LOSS BEFORE INCOME TAXES	(38 375)
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Income taxes	<u>-</u>
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NET LOSS	<u><u>\$ (38 375)</u></u>
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ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2003

	<u>Common Shares</u>	<u>Stock Amount</u>	<u>Preferred Shares</u>	<u>Stock Amount</u>	<u>Retained Earnings</u>
BALANCES, December 31, 2002	100	49 995	-	-	3 885
Issuance of preferred stock	-	-	132	156 829	-
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38 375)</u>
BALANCES, December 31, 2003	<u>100</u>	<u>49 995</u>	<u>132</u>	<u>156 829</u>	<u>(34 490)</u>

The accompanying notes are an integral part of this statement.

ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (38 375)
Adjustments to reconcile net income to net cash used in operating activities:	
Decrease in commissions receivable	4 269
Increase in due from clearing broker	(132)
Increase in prepaid expenses	(14 744)
Decrease in accounts payable	<u>(379)</u>
 <i>Net cash used in operating activities</i>	 <u>(49 361)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Issuance of preferred stock	<u>156 829</u>
 <i>Net cash provided by financing activities</i>	 <u>156 829</u>

NET INCREASE IN CASH	107 468
 CASH, at beginning of year	 <u>14 664</u>
 CASH, at end of year	 <u><u>\$ 122 132</u></u>

ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Queen City Investment Funds, Inc. was incorporated in Ohio on November 20, 2001, and was approved as a securities broker-dealer registered with the Securities and Exchange Commission in March 2002. In July 2003, an unrelated individual purchased 100 percent of Queen City Investment Funds, Inc. common shares and subsequently changed its name to Essex & York, Inc. (the "Company"). All operations of the Company have been relocated to New York, and it was approved as a securities broker-dealer registered with the Securities and Exchange Commission in December 2003.

Securities Transactions

The Company records securities transactions and related revenue and expenses on a trade date basis.

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the Act). It also performs all services customarily incident thereto, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

Fair Value of Financial Instruments

The Company's financial instruments, including cash, deposits with clearing broker, receivables, other assets and accounts payable are carried at amounts that approximate fair value due to the short-term nature of the instruments. When the Company holds securities for its own account, they are valued at market value using quoted market prices.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

For financial statement purposes, the Company utilizes the asset and liability method of accounting for income taxes, as prescribed by Statement of Financial Accounting Standards No. 109. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which these temporary differences are expected to be recovered or settled. Changes in tax rates are recognized in income in the period that includes the enactment date.

The Company has approximately \$38,000 of net operating losses expiring through 2023, which may be used to offset future taxable income. Significant components of the Company's deferred tax liabilities and assets as of December 31, 2003 are as follows:

Deferred tax liabilities	\$ -
Deferred tax assets:	
Net operating loss carry forward	\$38,000
Valuation allowance for deferred tax assets	(38,000)
	<u>\$ -</u>

The valuation allowance increased \$38,000 for the year ending December 31, 2003.

Common and Preferred Stock

In July 2003, 100 shares of the outstanding common stock of the Company was purchased by an unrelated individual. In October 2003, 132 shares of preferred stock was issued to a related third party for cash consideration of \$156,829.

NOTE 2 - NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2003, the Company had net capital and net capital requirements of \$155,118 and \$50,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was 0.12 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 3 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES

In the normal course of business, the Company completes securities transactions on behalf of its clients through its clearing broker including the execution, settlement and financing of such transactions. These client transactions may expose the Company to off-balance sheet risk. In the event a client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

In addition, the Company bears the risk of any financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's deposit with this clearing broker could be subject to forfeiture. Also, the Company has deposits in banks in excess of the federally insured amount of \$100,000. The amounts in excess of \$100,000 are subject to loss should the bank cease business.

SUPPLEMENTARY INFORMATION

ESSEX & YORK, INC.
(formerly QUEEN CITY INVESTMENT FUNDS, INC.)

**COMPUTATION OF NET CAPITAL PURSUANT TO
UNIFORM NET CAPITAL RULE 15c3-1
DECEMBER 31, 2003**

CREDIT:

Shareholder's equity	\$ 172 334
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DEBITS:

Non-allowable assets:

Prepaid expenses	16 207
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<i>Net capital before haircuts</i>	156 127
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Haircuts on money market funds	1 009
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NET CAPITAL	155 118
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Minimum requirements of 6 2/3% of aggregate indebtedness
of \$18,485 or \$50,000, whichever is greater

50 000

<i>Excess net capital</i>	<u>\$ 105 118</u>
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AGGREGATE INDEBTEDNESS:

Accounts payable	<u>\$ 18 485</u>
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RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

<u>0.12 to 1</u>

NOTE: There are no material differences in the above computation of net capital with that included in the Company's corresponding unaudited Form X-17A-5 Part II Filing.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors
Essex and York, Inc.
(formerly Queen City Investment Funds, Inc.)

In planning and performing our audit of the financial statements and supplemental schedule of Essex & York, Inc. (formerly Queen City Investment Funds, Inc.) (the "Company") for the period ended December 31, 2003, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Essex & York, Inc., that we considered relevant to the objectives stated in rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3; and (ii) for safeguarding the occasional receipt of cash and securities until promptly transmitted to the Company's clearing organization. We did not review the practices and procedures followed by the Company in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.


Because of inherent limitations in any internal control structure or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. This report recognizes that it is not practicable in an organization the size of Essex & York, Inc. (formerly Queen City Investment Funds, Inc.) to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

In addition, our review indicated that Essex & York, Inc. was in compliance with the conditions of exemption from rule 15c3-3 pursuant to paragraph k(2)(ii) as of December 31, 2003, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, Inc. and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Greenwood Village, Colorado
January 30, 2004